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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission file number 33-32205-A

United Community Banks, Inc. (formerly known as Union Bancshares, Inc.)
(Exact name of registrant as specified in its charter)

Georgia	58-180-7304
(State of incorporation)	(I.R.S. Employer Identification No.)
P.O. Box 398, Highway 76 Blairsville, Georgia	30512
(Address of principal executive offices)	(Zip Code)

(404) 745-2151
(Telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES XX NO __

Common stock, par value $1 per share: 1,100,106 shares outstanding as of May 12, 1992

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UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

UNITED COMMUNITY BANKS, INC. & SUBSIDIARIES

Consolidated Balance Sheets

(Unaudited)

March 31, 1992 and December 31, 1991

Assets

	March 31, 1992 (Unaudited)	December 31, 1991 Restated (Note 2)
Cash and due from banks	$ 8,151,316	9,278,962
Federal funds sold	5,028,000	3,246,000
Interest bearing deposits with other banks	2,786,000	3,223,000
Investment securities	65,695,145	61,494,663
Mortgage loans held for resale	455,750	328,500
Loans	187,773,059	180,064,177
Less: Unearned interest	82,143	139,387
Allowance for loan losses	2,197,125	2,091,302
Loans, net	185,493,791	177,833,488
Premises and equipment	5,850,249	5,879,755
Accrued interest receivable	3,381,652	3,595,099
Goodwill	3,493,528	3,531,919
Other assets	2,018,339	1,272,385
	$ 282,353,770	269,683,771

Liabilities and Stockholders' Equity

Deposits:		
Demand	$ 15,204,922	14,093,939
Interest-bearing demand	42,820,519	39,176,673
Savings	15,359,172	14,354,073
Time	181,322,323	175,332,273
Total deposits	254,706,936	242,956,958
Accrued expenses and other liabilities	2,061,127	1,980,345
Long-term debt	5,403,000	5,277,263
Convertible subordinated debentures	1,500,000	1,500,000
Total liabilities	263,671,063	251,714,566
Stockholders' equity:		
Common stock, $1 par value; 10,000,000 shares authorized; 1,100,106 shares at March 31, 1992 and 1,090,891 at December 31, 1991 issued and outstanding	1,100,106	1,090,891
Capital surplus	7,063,719	6,977,934
Retained earnings	10,518,882	9,900,380
Total stockholders' equity	18,682,707	17,969,205
	$ 282,353,770	269,683,771

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC. & SUBSIDIARIES

Consolidated Statements of Earnings

(Unaudited)

	Three Months Ended March 31,	
	1992	1991 Restated (Note 2)
Interest income:		
Interest and fees on loans	$ 5,127,174	5,109,863
Interest on deposits with other banks	41,794	64,011
Interest on federal funds sold	47,849	81,402
Interest on investment securities:		
U.S. Treasury and U.S. Government agencies	861,584	713,041
State, county and municipal	302,403	287,129
Total interest income	6,380,804	6,255,446
Interest expense:		
Interest on deposits:		
Demand	432,137	430,608
Savings	151,148	137,876
Time	2,991,230	3,292,037
	3,574,515	3,860,521
Long-term debt, subordinated debentures and federal funds purchased	135,039	187,756
Total interest expense	3,709,554	4,048,277
Net interest income	2,671,250	2,207,169
Provision for loan losses	124,500	78,500
Net interest income after provision for loan losses	2,546,750	2,128,669
Other income:		
Service charges and fees	253,419	242,113
Gain on sale of investment securities	18,908	24,126
Miscellaneous	71,787	63,470
Total other income	344,114	329,709
Other expenses:		
Salaries and employee benefits	1,028,486	933,354
Occupancy	222,304	190,523
Other operating	737,613	607,030
Total other expenses	1,988,403	1,730,907
Earnings before income taxes	902,461	727,471
Income taxes	229,136	164,991
Net earnings	$ 673,325	562,480
Net earnings per common share	$ .61	.51
Dividends per common share	$ .05	.05
Weighted average common shares outstanding	1,100,106	1,094,285

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC. & SUBSIDIARIES

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended March 31,	
	1992	1991 Restated (Note 2)
Cash flows from operating activities:		
Net earnings	$ 673,325	562,480
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, amortization and accretion	226,995	112,215
Provision for loan losses	124,500	78,500
Gain on sale of investment securities	(18,908)	(24,126)
Changes in assets and liabilities:		
Interest receivable	213,447	(10,268)
Interest payable	(106,199)	108,969
Other assets	(686,416)	(380,379)
Accrued expenses and other liabilities	186,981	(153,093)
Increase in mortgage loans held for resale	(127,250)	-
Net cash provided by operating activities	486,475	294,298
Cash flows from investing activities:		
Purchases of investment securities	(10,976,405)	(8,121,105)
Proceeds from sales investment securities	2,134,689	2,690,788
Proceeds from maturities of investment securities	4,580,351	4,479,300
Net change in interest-bearing deposits with other banks	437,000	(303,401)
Net increase in loans	(7,841,069)	(5,188,680)
Proceeds from sales of other real estate	5,000	-
Purchase of bank premises and equipment	(87,579)	(51,355)
Net cash used in investing activities	(11,748,013)	(6,494,453)
Cash flows from financing activities:		
Net increase in demand and savings deposits	5,759,928	106,635
Net increase in time deposits	5,990,050	7,440,444
Proceeds from long-term debt	600,000	-
Repayments of long-term debt	(474,263)	(45,654)
Proceeds from sale of common stock	95,000	-
Dividends paid	(54,823)	(137,324)
Net cash provided by financing activities	11,915,892	7,364,101
Net increase in cash and cash equivalents	654,354	1,163,946
Cash and cash equivalents at beginning of period	12,524,962	11,093,047
Cash and cash equivalents at end of period	$ 13,179,316	12,256,993

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows, continued
(Unaudited)

	Three Months Ended March 31,	
	1992	1991 Restated (Note 2)
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Income taxes	$ 25,000	261,000
Interest	$ 3,815,753	3,939,308
Noncash investing and financing activities:		
Transfer of loans to other real estate	$ 116,766	66,049
Financed sales of other real estate	$ 48,000	77,000
Change in dividends payable	$ -	82,500

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
(Unaudited)

(1) Basis of Presentation

The consolidated financial statements include the accounts of United Community Banks, Inc. (the Company) and its wholly-owned subsidiaries, Union County Bank (UCB), Citizens Bank (Citizens) and Peoples Bank of Fannin County (Fannin). All significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial information furnished herein reflects all adjustments which are, in the opinion of management, necessary to present a fair statement of the results of operations and financial position for the periods covered herein.

(2) Business Combination

Effective February 26, 1992, the Company acquired, for 275,106 shares of its $1 par value common stock, all of the outstanding common stock of Fannin Bancshares, Inc., a $52 million commercial bank holding company, located in Blue Ridge, Georgia which owned all of the outstanding common stock of Fannin. The number of shares exchanged for Fannin Bancshares, Inc. stock included 9,215 shares exchanged for Fannin Bancshares, Inc. shares under options which were exercised during 1992 prior to the merger. The acquisition was accounted for as a pooling of interests and accordingly, the consolidated financial statements for all periods presented have been restated to include the financial position and results of operations as if the combination had occurred on January 1, 1991.

The following is a reconciliation of the amounts of net interest income and net earnings previously reported with the restated amounts:

	Three Months Ended March 31	
	1992	1991
Net interest income:		
The Company, as previously reported in 1991	$ 2,148,535	1,762,942
Fannin	522,715	444,227
As restated	$ 2,671,250	2,207,169
Net earnings:		
The Company, as previously reported in 1991	$ 569,198	471,627
Fannin	104,127	90,853
As restated	$ 673,325	562,480

(3) Long-term Debt

Long-term debt is summarized as follows:

	March 31, 1992	December 31, 1991
Note payable to a bank due in annual installments beginning April, 1991 through April, 1999 ranging from $400,000 to $800,000 plus interest payments due quarterly, secured by common stock of UCB and Citizens	$ 5,403,000	4,903,000
9% notes payable in monthly installments of principal and interest of $19,329 through September 1993, secured by common stock of UCB	-	374,263
	$ 5,403,000	5,277,263

The note payable to a bank represents borrowings under a credit facility which provide for advances up to $5,403,000 at the prime interest rate. The loan agreement contains covenants and restrictions pertaining to the maintenance of certain financial ratios, limitations on the incurrence of additional debt, and the declaration of dividends or other capital transactions.

At March 31, 1992, maturities of notes payable for the calendar years ended December 31 are as follows:

1992	$ -
1993	600,000
1994	800,000
1995	800,000
1996	800,000
Thereafter	2,403,000
	$ 5,403,000

(4) Earnings Per Share

Earnings per share amounts are based on the weighted average number of shares outstanding. Fully diluted earnings per share are not presented because the assumed conversion of the subordinated debentures do not result in material dilution.

(5) Proposed Acquisition

On April 24, 1992, the Company entered into an agreement to acquire Mountain Bank (Hiawassee, Georgia). Under the proposed transaction, the Company will pay $2,400,000 for all of the outstanding shares of Mountain Bank using proceeds from borrowings from a correspondent bank. If consummated, the transaction will be accounted for as a purchase. The proposed acquisition is subject to the approval of shareholders owning two-thirds of the outstanding common stock of Mountain Bank and to the approval of the appropriate regulatory authorities.

Condensed financial information for Mountain Bank as of March 31, 1992 and the three months then ended is as follows:

Total assets	$ 15,573,000
Total deposits	14,278,000
Stockholders' equity	1,074,000
Net interest income	105,000
Net earnings	16,000

Item 2. **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

For Each of the Three Months in the Periods Ending
March 31, 1992 and 1991

United's 1992 year began with the consummation of the merger with Fannin Bancshares, Inc. (Fannin) on February 26, 1992. Fannin, prior to the merger, was a $52,000,000 one bank holding company which owned all of the outstanding stock of Peoples Bank of Fannin County (Blue Ridge, Georgia). United exchanged 275,106 shares of its $1 par value common stock for all of the outstanding common stock of Fannin. The transaction was accounted for as a pooling of interests and therefore all financial statements presented have been restated from their previously reported amounts to include the combination of United and Fannin as if the merger had occurred on January 1, 1991 to provide the necessary comparability.

Additionally, subsequent to the quarter ended March 31, 1992, United entered into an agreement to purchase Mountain Bank (Mountain), a state chartered commercial bank located in Hiawassee, Georgia. The agreement calls for United to pay $40 per share for all of the outstanding stock (60,000 shares) of Mountain. If consummated, this transaction will be accounted for as a purchase. Consummation is dependent upon the approval of both shareholders of Mountain owning two-thirds of the outstanding common stock and regulatory authorities.

Financial Condition

Total assets at March 31, 1992 were $282,354,000, representing a $12,670,000 (4.7%) increase from December 31, 1991. Deposits increased $11,750,000 (4.8%) from December 31, 1991 and long-term debt increased by a net amount of $126,000 during the first three months of 1992 after repayments of $474,000 and additional borrowings of $600,000 incurred in connection with the merger with Fannin. Loans increased $7,709,000 (4.3%). The allowance for loan losses at March 31, 1992 totalled $2,197,000, representing 1.2% of total loans compared to December 31, 1991 totals of $2,091,000 also representing 1.2% of total loans. The total of nonperforming assets which includes nonaccruing loans, other real estate and loans for which payments are more than 90 days past due declined 38% or $860,000 from $2,270,000 at December 31, 1991 to $1,410,000 at March 31, 1992. Cash and cash equivalents increased $654,000 from December 31, 1991 as deposit increases outpaced loan demand.

Results of Operations

Net interest income increased $464,000 (21%) in the first three months of 1992 compared to the same period for 1991 as interest bearing deposit liabilities repriced faster than interest yielding assets in a declining interest market. Interest income for the first three months of 1992 was $6,380,804, representing an increase of $125,000 (2.0%) over the same period in 1991. This increase was largely attributable to the increased earning asset volume during the first three months of 1992. Interest expense for the first three months of 1992 decreased $339,000 (8.7%) compared to the same period in 1991. This decrease is primarily a result of the lower interest rate environment in the first quarter of 1992 versus the first quarter of 1991.

The provision for loan losses for the first three months of 1992 increased $46,000 compared to the same period for 1991 as anticipated loan charge-offs slightly increased, reflecting what is expected to be the final effects of the general economic downturn. It is management's belief that the allowance for loan losses is adequate to absorb probable loss in the portfolio.

Results of Operations, continued

Other income increased approximately $14,000 primarily due to an increase in service charges related to a larger volume of deposit accounts in the first quarter of 1992 versus the first quarter of 1991.

Other expenses for the first three months of 1992 increased $257,000 (14%) compared to the first three months in 1991. This increase can primarily be attributed to an increase in salaries resulting from increased staffing together with an increase of $33,000 in premiums paid for FDIC coverage. Additionally, expenses associated with the merger of Fannin have been recognized as incurred consistent with provisions of the pooling of interest method of accounting. Income tax expense expressed as a percentage of income before income taxes increased to 25% in 1992 from 23% in 1991, which is a direct result of decreases in tax-free income relative to total pretax income.

Capital

The following tables present United's regulatory capital position at March 31, 1992:

Risk-Based Capital Ratios

Actual as of March 31, 1992

Using 1992 Rules

	Amount	Ratio
	(Dollars in thousands)	
Tier 1 Tangible Capital	$ 15,189	8.09
Tier 1 Tangible Capital minimum requirement	7,507	4.00%
Excess	$ 7,682	4.09%
Total capital	$ 18,886	10.06%
Total Capital minimum requirement	15,014	8.00%
Excess	$ 3,872	2.06%
Risk adjusted assets, net of goodwill and excess allowance	$ 187,681	

Leverage Ratio

Actual as of March 31, 1992

	Amount	Ratio
Tier 1 Tangible Capital to adjusted total assets ("Leverage Ratio")	$ 15,189	5.57%
Proposed minimum leverage requirement	8,176	3.00%
Excess	$ 7,013	2.57%
Average total assets, net of goodwill	$ 272,525	

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits - None

b) Reports on Form 8-K were filed on February 26, 1992 - The following event was reported.

The acquisition of all the issued and outstanding shares of Fannin Bancshares, Inc. (Blue Ridge, Georgia) by the issuance of .485 shares of the Company's $1 par value common stock for each share of Fannin Bancshares, Inc.

The following financial statements were filed in an amendment on Form 8 to the report filed on Form 8-K on February 26, 1992:

Fannin Bancshares, Inc.:
Independent Auditors' Report
Consolidated Balance Sheets of December 31, 1991 and 1990
Consolidated Statements of Earnings for the Years Ended December 31, 1991, 1990 and 1989
Consolidated Statements of Cash Flows for the Years Ended December 31, 1991, 1990 and 1989
Notes to the Consolidated Financial Statements

Proforma Financial Statements of United Community Banks, Inc.:
Proforma Consolidating Balance Sheet - December 31, 1992
Proforma Consolidating Statements of Earnings for the years ended December 31, 1991, 1990 and 1989

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED COMMUNITY BANKS, INC.

By: _____
Jimmy C. Tallent, President
(Principal Executive Officer)

Date: 5-13-92

By: _____
Catherine C. Hamby
Controller
(Principal Accounting Officer)

Date: May 13, 1992